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DEPARTMENT OF STATE
THE DIRECTOR OF INTELLIGENCE AND RESEARCH

Bulin
SEP 11 1961

TO : The Secretary
THROUGH: S/S
FROM : DNR - Roger Hilsman

INTELLIGENCE NOTE: Khrushchev on Berlin Settlement

Khrushchev's two recent pronouncements -- his interview with C. L. Sulzberger September 5 and his speech at the Indian friendship rally in Moscow September 8 -- contain major points of interest on the Berlin-German questions.

Qualified Pitch for Negotiations. In his speech Khrushchev made the strongest -- though still indirect -- bid for East-West talks on the Berlin-German issues that he has yet made this year. He proclaimed the Soviet Government's approval of President Kennedy's August 30 press conference remarks on negotiations providing they were to be "businesslike." However, he defined businesslike negotiations as ones resulting in conclusion of a German peace treaty. In the Sulzberger interview the Soviet leader also qualified his approval of a bilateral meeting with the President, saying that he favored another meeting if it would be "fruitful" and defining this term as meaning progress on a German peace treaty and a West Berlin "free city" settlement. Neither the interview nor the speech mentioned a deadline for conclusion of a peace treaty. Khrushchev's conditional emphasis on negotiations is the more significant in that there has been a recent recurrence of rumors that the Soviets planned to proceed unilaterally with a peace treaty signing in the near future. His indirect negotiations bid reinforces our opinion that the

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Soviets continue to seek negotiations before taking unilateral action, although they continue to define the terms of these negotiations narrowly.

New Twist on UN Role in German Settlement. According to Sulzberger's account, Khrushchev asserted he was not averse to the UN discussing the Berlin-German questions if the Big Four could not reach agreement, and welcomed initiatives from this source, the neutrals, or others. The Soviet position has been that the UN could participate in guaranteeing any Berlin settlement that was reached, but this is the first time Moscow has stated that the UN could participate in achieving that settlement. The conclusion seems to be that Moscow anticipates a possible initiative on the matter by the neutrals at the UN and wants to direct it along lines favoring the Soviet position. Also, in discussing a German settlement, Khrushchev's speech calls for admission of both German states to the UN -- a point raised in the Soviet draft peace treaty and subsequently but one which has not been emphasized.

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